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**U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES**  
**– CHAIRWOMAN MAXINE WATERS –**  
**H.J. RES 90, CONGRESSIONAL REVIEW ACT RESOLUTION OF**  
**DISAPPROVAL ON OCC’S COMMUNITY REINVESTMENT ACT RULE**  
**INTRODUCED BY REP. WATERS (D-CA) AND REP. MEEKS (D-NY)**

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The Community Reinvestment Act (CRA) is an essential civil rights law that was enacted in 1977 to prevent the discriminatory practice of redlining and to require banks to invest and lend responsibly in low- and moderate-income (LMI) communities where they are chartered. In the midst of the COVID-19 pandemic, the Office of the Comptroller of Currency (OCC) recently rushed out a final rule – *without* the support of two of the three CRA regulators (the Federal Reserve and the FDIC) – that undermines the CRA and will harm low-income and minority communities that are already suffering during this crisis.

Redlining is a harmful practice by which banks discriminate against prospective customers in nearby neighborhoods, often based on racial or ethnic background. [Researchers have found](#) redlining persists in more than 60 metro areas across the country, finding black applicants were turned away by banks at significantly higher rates than whites in 48 cities, Latinx in 25, Asian Americans in nine and Native Americans in three. 98 percent of banks, on average, have [received a passing CRA grade](#) since 2006. The implementation of the CRA must be strengthened to ensure banks are meeting the needs of all communities where they are located.

#### **Problems with the OCC Community Reinvestment Act Rule**

The OCC’s unilateral final rule will turn the Community Reinvestment Act into the Community Disinvestment Act. There are numerous problems with the OCC’s final rule, including:

- **Different Rules for Different Banks:** All banks should be held to the same, high standard in terms of lending and investing in all communities where they are chartered. In an unusual step underscoring the concerns with the proposal, the FDIC and the Federal Reserve declined to join the OCC’s final rule, leading to possible regulatory arbitrage based on bank charter and a race to the bottom of weaker CRA standards when stakeholders have urged a clear and consistent application of the law across all banks.
- **Insufficient Data:** The OCC did not conduct sufficient analysis or collect sufficient data before proceeding with its final rule, making it difficult if not impossible to assess whether the new framework will drive more CRA dollars to low-income communities. In fact, the Final Rule concedes that the OCC will need to issue *another* notice of proposed rulemaking in the future to help set specific benchmarks, thresholds, and minimums required by their new CRA framework.
- **Vague Infrastructure Investment Directive:** The definition of essential infrastructure is still too vague and can be construed too broadly to not fully assist LMI communities.
- **Incentivizes Large Deals:** The OCC’s dollar-volume-metric for determining how well a bank is meeting its obligations under the CRA incentivizes large deals, as opposed to smaller and more continuous financial transactions that would benefit LMI communities.

#### **Stakeholder Feedback on OCC Community Reinvestment Act Rule**

A wide range of stakeholders, including [consumer groups](#), [civil rights groups](#), and [banking trades](#) have criticized the OCC’s efforts. For example, a group of consumer and civil rights groups [issued a statement](#), noting “The new [OCC] rules stick with an overly simplistic metrics system that creates a loophole for banks to exploit, allowing them to get a passing CRA rating by making investments in communities where they can reap the largest rewards, while leaving too many credit needs unmet for underserved consumers and neighborhoods.”

#### **Congressional Review Act Resolution of Disapproval**

During these difficult times, Congress needs to pass [H.J. Res 90](#), to send a strong message to the OCC, the Federal Reserve, the FDIC and other federal regulators that they should be doing all they can to help, not hurt, LMI communities, and especially communities of color. Importantly, the resolution does not prohibit the CRA regulators from jointly [issuing a better rule in the future](#) modernizing the CRA, provided that it is not substantially the same.